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Page 1WAR DEPARTMENT
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D. C.

September 26th, 1942.

~~SECRET~~Memorandum for the Secretary of War:DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (F)
Authority 730069
By: *GPC* NARS, Date 4/12/74
*MMB*Currency for expected operation.

The matter of currency in connection with an expected military operation has been discussed with Dr. Feis of the State Department (who had discussed the matter with the Secretary of State), with Treasury officials and with various officers in the War Department.

It is agreed on all hands that the matter is a military one and is for decision by the War Department.

It is also agreed that initial payment of our troops should be in dollars of a special marked type and that as soon as possible operations should be conducted on the basis of new local currency.

The troublesome point is the rate of exchange. There are many pros and cons. The Treasury officials and our own officers recommend 75 to the dollar. Dr. Feis would prefer to see it at 65. Sir Frederick Phillips has received instructions from London to propose 50 to the dollar but has intimated that he might recommend to his principals a rate of 60 to the dollar.

The rate of exchange, whatever it may be, would be apt to control both the initial operation when payment is in dollars and also the later operation when payment would be in a new local currency, although we would be free to change it on the later operation.

The settlement of problems relative to the new local currency will be left to the military government, under instructions from Washington, and to whatever local authority is to be recognized as in control of civilian population. That is a matter beyond the scope of the present inquiry.

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The Secretary of War

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September 26, 1942.

The next action for us to take would be to cable instructions to Eisenhower, with whom the British are discussing the matter.

rpp:lm

RL P. Patterson
Robert P. Patterson,
Under Secretary of War.

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NND By *PK* NARS, Date *6/10/74*~~SECRET~~